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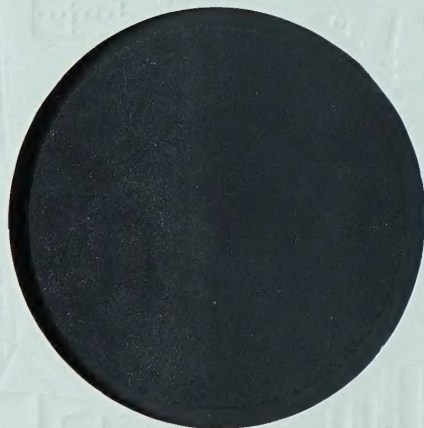
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DOME PETROLEUM LIMITED · 1964 · ANNUAL REPORT

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Areas of  
Operation



## COMPARATIVE HIGHLIGHTS

FINANCIAL	1964	1963
Gross Income (after royalties) . . . . .	\$6,811,464	\$6,028,042
Operating Income (after operating and administrative expenses) . . . . .	\$5,567,824	\$4,800,110
Cash Flow (operating income less interest, rentals & exploration expenses) . . . . .	\$4,899,315	\$4,187,795
Cash Flow per share . . . . .	\$1.89	\$1.61
Net Income (after all charges) . . . . .	\$3,184,636	\$2,753,377
Net Income per share . . . . .	\$1.23	\$1.06
Net Income per share (including non-recurring profit) . . . . .	\$1.38	\$1.06
Shares Outstanding . . . . .	2,597,900	2,593,600
Working Capital . . . . .	\$ (983,236)	\$ 205,287
Long-Term Debt . . . . .	\$1,102,703	—
<b>OPERATING</b>	<b>1964</b>	<b>1963</b>
Oil Production (net barrels) . . . . .	2,394,302	2,143,591
Gas Production (billion cubic feet) . . . . .	9.87	9.55
Proved Oil & Condensate Reserves (net barrels) . . . . .	42,437,000	41,315,000
Proved Gas Reserves (billion cubic feet) . . . . .	267	207
Wells Drilled . . . . .	70	66
Footage Drilled . . . . .	347,336	390,805
Land - Gross Acres . . . . .	6,000,672	6,016,376
Land - Net Acres . . . . .	2,969,363	2,971,808

### ANNUAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held at the Royal York Hotel, Toronto, Ontario, on April 26, 1965 at 3:00 p.m. A formal notice of meeting and proxy form are enclosed with this report.



# DOME PETROLEUM LIMITED

## · 1964 · ANNUAL REPORT

### HEAD OFFICE

706 - 7TH AVENUE S.W., CALGARY, ALBERTA

### DIRECTORS

HENRY C. BRUNIE, *New York, N.Y.*  
JOHN P. GALLAGHER, *Calgary, Alberta*  
JOHN L. LOEB, *New York, N.Y.*  
BRYCE R. MACKENZIE, *Toronto, Ontario*  
CHARLES E. MAIN, *New York, N.Y.*  
A. BRUCE MATTHEWS, *Toronto, Ontario*  
CLIFFORD W. MICHEL, *New York, N.Y.*  
WILLIAM F. MORTON, *Boston, Mass.*  
JAMES B. REDPATH, *Toronto, Ontario*

### OFFICERS

CLIFFORD W. MICHEL, *Chairman of the Board*  
JOHN P. GALLAGHER, *President*  
CHARLES S. DUNKLEY, *Vice-President*  
JAMES B. REDPATH, *Vice-President*  
WILLIAM E. RICHARDS, *Vice-President and Secretary*  
HENRY T. ASTLE, *Treasurer*  
FRASER M. FELL, *Assistant Secretary*

### REGISTRARS AND TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY  
*Toronto, Ontario; Montreal, Quebec; Calgary, Alberta*  
EMPIRE TRUST COMPANY  
*New York, N.Y.*

### GENERAL COUNSEL

FASKEN, CALVIN, MACKENZIE,  
WILLISTON & SWACKHAMER  
*Excelsior Life Building, Toronto, Ontario*

### AUDITORS

CLARKSON, GORDON & CO.  
*Calgary, Alberta*

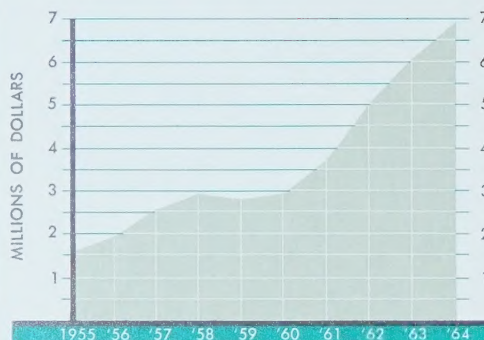
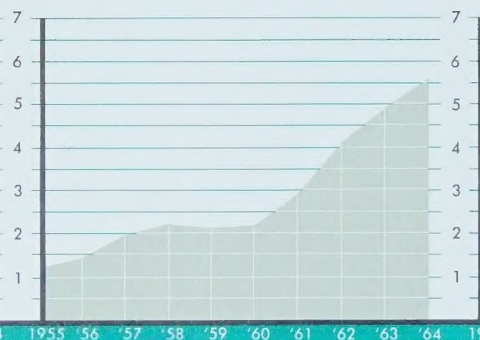
### STOCK LISTED

TORONTO STOCK EXCHANGE  
MONTREAL STOCK EXCHANGE  
AMERICAN STOCK EXCHANGE

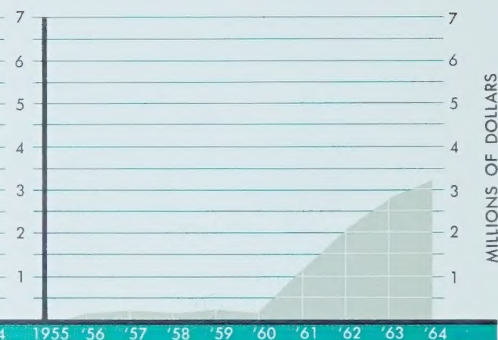
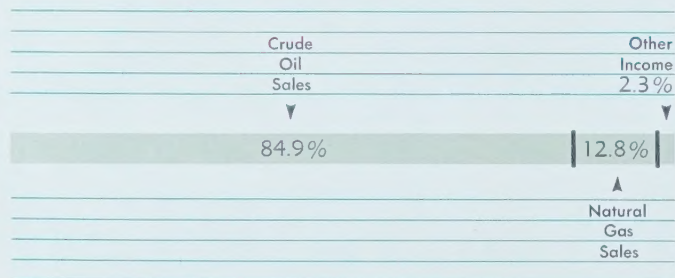
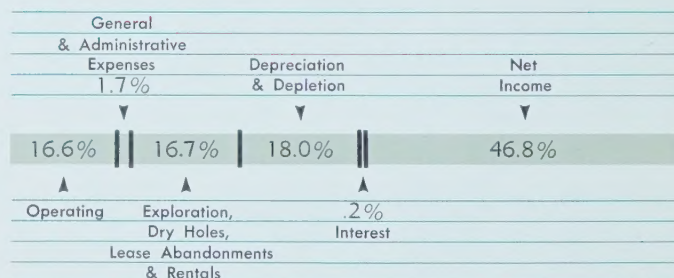


GROSS INCOME

AFTER ROYALTIES

OPERATING INCOMEAFTER ALL OPERATING  
AND ADMINISTRATIVE EXPENSESNET INCOME

AFTER ALL CHARGES

SOURCE OF 1964 INCOMEDISTRIBUTION OF 1964 INCOME

# REPORT OF THE DIRECTORS

## TO THE SHAREHOLDERS:

Your directors are pleased to present the Company's fifteenth annual report, including audited financial statements for the year ended December 31, 1964.

The following items highlighted your Company's 1964 operations:

- Gross income increased 13%, operating income increased 16% and net income, after non-recurring profit, increased 30% to \$1.38 per share.
- Oil production increased 12% to 2,394,302 barrels and gas production increased 3% to 9.87 billion cubic feet.
- Proved oil reserves increased 8% to 42,437,000 net barrels.
- Proved gas reserves increased 34% to 267 billion cubic feet.

- Seventy wells were drilled including 32 oil producers and 12 gas producers.

- Net oil and gas wells capable of production increased from 200 to 227.

- The Company began drilling and production operations in the United States through its wholly-owned subsidiary, Dome Petroleum Corp.

- The Company's affiliate, Provo Gas Producers Limited, showed substantial increases in all phases of its operations.

## FINANCIAL

Gross income (after all royalties) increased 13% in 1964 to \$6,811,464. Operating income (after all operating and administrative costs) increased 16% to \$5,567,824 or \$2.14 per share.

Cash flow (operating income less interest, rentals and exploration expenses) increased 17% to \$4,899,315, or \$1.89 per share. Net income (after all charges but before non-recurring profit) increased 16% to \$3,184,636 or \$1.23 per share. Net income including non-

recurring profit totalled \$3,582,802, or \$1.38 per share.

The working capital position declined during the past year reflecting the acquisition of proved, producing oil reserves in Montana and proved gas reserves at Vulcan, Alberta.

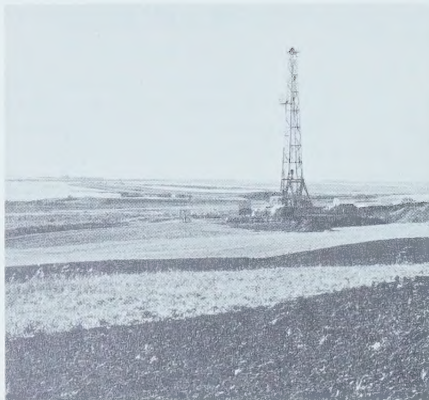
The earned surplus at December 31, 1964, was \$14,956,275 compared with \$11,373,473 in 1963.

Development costs in 1964 totalled \$2,817,388 compared with \$3,061,000 last year, while exploration and dry-hole costs increased to \$816,152 this year from \$760,936 in 1963.

The Company's investments in oil, gas and pipeline companies had a total book value of \$3,044,971 at December 31, 1964, and a market value of \$7,243,609. These values excluded 47,041 shares of Producers Pipelines Ltd. held by the Company, at a book value of \$304,722 and a management-appraised value in excess of \$1,500,000. Details of these investments are provided in the Notes to the Financial Statements.

*First quarter estimates for the period ending March 31, 1965, indicate that gross income, after all royalties, will increase 4% to \$1,760,000. Operating income will increase 4% to \$1,420,000, or 55¢ per share compared with 53¢ per share in the same quarter of 1964.*





## PRODUCTION

Net oil and condensate production, after all royalties, averaged 6,541 barrels per day in 1964. This compares with averages of 5,873 barrels per day in 1963 and 4,787 barrels per day in 1962. Production from the Pembina field in Alberta and the Pinto and Steelman fields in Saskatchewan was higher in 1964, and production from the newly-acquired properties in the Fred and George Creek field of Montana commenced in the last quarter of the year.

Gas production increased during the year to an average of 27.0 million cubic feet per day from 26.2 million cubic feet per day in 1963.

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*Net oil production for the first quarter of 1965 is estimated at 6,760 barrels per day compared with 6,580 barrels per day in the first quarter of 1964. Gas production for the same period will average 34.8 million cubic feet per day compared with 28.4 million cubic feet per day in 1964.*

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At December 31, 1964, the Company's

Above left — Dome drilling operations in central Alberta.

Left — Dome producing facilities in the Boundary Lake oilfield of northeastern British Columbia.

interests in producing oil properties were equivalent to 202 net oil wells compared with 178 net wells last year. Interests in gas producing properties were equivalent to 25 net gas wells. Royalty interests were also held in 71 producing oil or gas wells at year end.

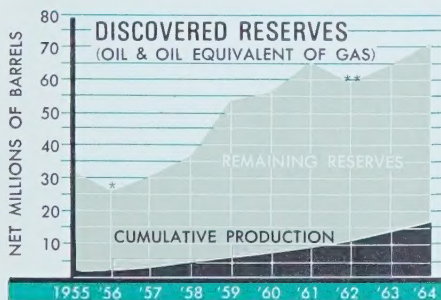
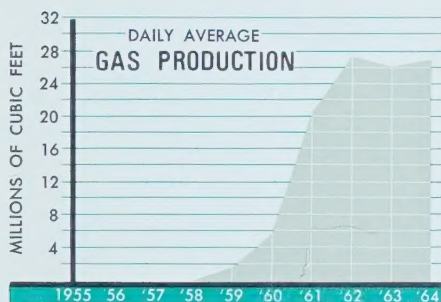
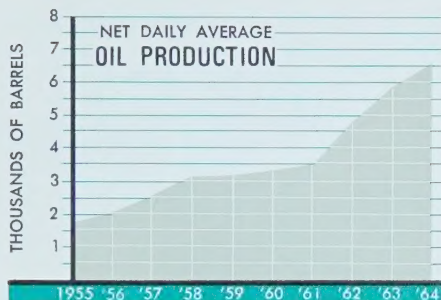
## RESERVES

Proved recoverable oil and condensate reserves net to the Company at December 31, 1964, were estimated to be 42,437,000 barrels after deducting all royalties and partners' interests. This is equivalent to an increase of 3,516,302 net barrels or 8% over 1963 after allowing for the 2,394,302 barrels produced during the year.

Proved recoverable natural gas reserves were calculated to be 267 billion cubic feet at December 31, 1964, compared with 207 billion cubic feet in 1963. This represents a 34% increase after allowing for the 9.87 billion cubic feet of gas produced in 1964.

Dome also holds a 36.7% interest in Provo Gas Producers Limited, which, at December 31, 1964, had proved recoverable oil and condensate reserves of 8,332,000 net barrels and proved recoverable gas reserves of 526 billion cubic feet.

The Dome and Provo reserve estimates were determined by the independent consulting firm of James A. Lewis Engineering Co. Ltd.



## LAND

At December 31, 1964, Dome's land holdings totalled 6,000,672 gross acres, equivalent to 2,969,363 net acres compared with 2,971,808 net acres in 1963.

The Company's land holdings in North Dakota and northern Montana were substantially increased during the year. These increases were offset by the surrender of less attractive acreage in Western Canada.

Provo's land holdings totalled 5,110,105 gross acres and 1,225,447 net acres at December 31, 1964.

The accompanying schedule summarizes your Company's land holdings at December

31, 1964, and the locations of the major areas of interest are shown on page 16.

## LAND HOLDINGS AS AT DECEMBER 31, 1964

	GROSS ACRES	NET ACRES
Alberta .....	1,084,939	498,596
British Columbia .....	357,361	119,842
Manitoba .....	81,197	47,200
Northwest Territories .....	4,218,933	2,138,620
Ontario .....	5,137	5,137
Saskatchewan .....	186,982	116,322
Montana .....	27,366	17,808
North Dakota .....	38,757	25,838
1964 Total .....	6,000,672	2,969,363
1963 Total .....	6,016,376	2,971,808

—All royalties and partners' interests have been deducted to arrive at net reserves.

—Gas reserves and production have been converted to barrels, using an oil equivalent to gas ratio of 20,000 cubic feet per barrel. This is the current price equivalent.

\*The Company's gas reserves in the Provost Unit were exchanged for 2,400,000 shares of Provo Gas Producers Limited.

\*\*The Company's oil reserves in the Redwater field were sold for \$8,742,000.

## EXPLORATION AND DEVELOPMENT

Dome's 1964 drilling program totalled 70 wells (32.5 net) and resulted in 32 oil wells (18.7 net), 12 gas wells (2.8 net) and 26 dry holes (11.0 net). The foregoing includes 3 oil wells, one gas well and 10 dry holes that were drilled under farmout from Dome at no cost to your Company.

### ALBERTA

More than half of Dome's 1964 drilling

## WILLESDEN GREEN AREA

SOUTH CENTRAL ALBERTA



## SWAN HILLS AREA

CENTRAL ALBERTA



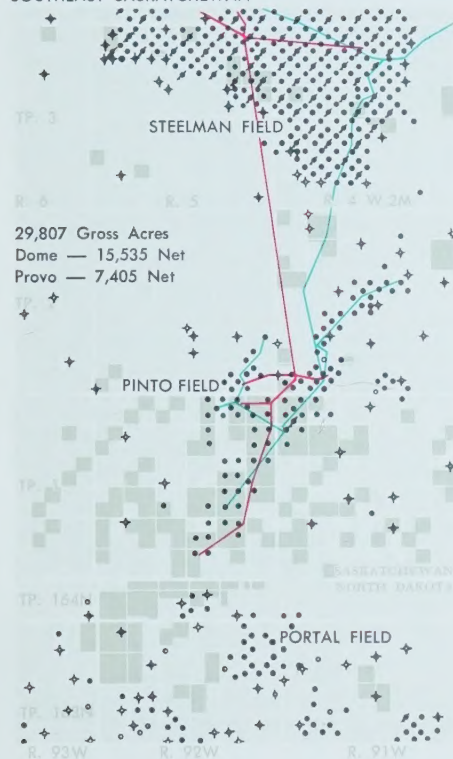
- DOME LAND HOLDINGS
- Proposed Location or Drilling Well
- Oil Well
- ★ Gas Well
- ✦ Injection Well
- Oil Pipeline
- ✦ Abandoned Oil Well
- ✦ Suspended Well
- ✦ Dry and Abandoned
- Gas Pipeline

For Geographical Location See Western Canada Map Page 16



## PINTO AREA

SOUTHEAST SASKATCHEWAN



MAP SCALES: 1" = 5 MILES

took place in Alberta, where your Company completed 39 wells. These included 17 oil wells and 10 gas wells.

Seven of the oil wells were drilled on newly-acquired acreage in the Willesden Green field, 4 in the Pembina field, 2 each in the Red Earth and Rich Needle areas and single wells in the Swan Hills and Sturgeon Lake fields. Five gas wells were drilled in the Provost Unit, 2 in the Princess area and single wells at Provo, Drumheller and Medicine River.

In December, 1964, Dome acquired interests in the Vulcan area equivalent to 22,082 net lease acres. This purchase includes proved gas acreage and 4 gas wells which account for a portion of the increase noted in the Company's gas reserves.

In July, 1964, Dome sold its interest in a 49,743-acre Bituminous Sand lease in the McMurray area. The sale was made to a large integrated oil company for a substantial cash consideration and an additional sum payable on the date of first commercial production from this property. Dome and Provo retained a gross overriding royalty interest in the acreage.

### SASKATCHEWAN

Sixteen wells were drilled by Dome in Saskatchewan during the past year resulting in 11 oil wells. Eight of the oil wells were drilled at Pinto, 2 at North Gull Lake and one at Midale.

### BRITISH COLUMBIA

Five wells were drilled by Dome in British Columbia. Three of these were completed as oil producers in the Boundary Lake field and one as a gas producer at Laprise.

The Dome and Provo interests in gas wells in the Beg, Jedney and Bubbles areas were exchanged for interests in producing oil properties at Midale and Steelman in Saskatchewan and at North Virden in Manitoba.

### NORTHWEST AND YUKON TERRITORIES

The Canada Southern North Beaver River well, drilled on the 1,224,050-acre permit block in which Dome holds a 10% interest and Provo a 5% interest, was completed in 1964. Tests of the Devonian dolomite yielded gas flows at rates up to 5 million cubic feet per day.

### MONTANA

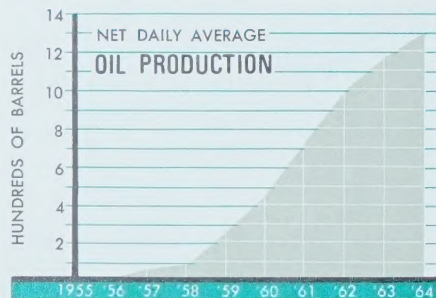
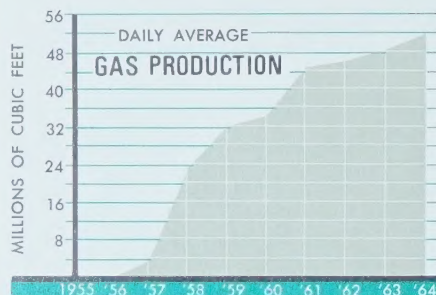
Dome and Provo's wholly-owned United States subsidiaries acquired producing interests in 13 high gravity oil wells and 800 lease acres in the Fred and George Creek field in northern Montana on October 15, 1964. These properties are currently on production.

### NORTH DAKOTA

Dome and Provo drilled 3 wells in North Dakota in 1964, one of which was completed as an oil producer.

## PROVO GAS PRODUCERS LIMITED

During 1964, Provo Gas Producers Limited, an affiliated company managed by Dome, offered to exchange shares of its stock for the outstanding shares of Steelman Gas Limited.



As substantially more than 90% of the shares affected have been offered for exchange, Provo is now entitled to acquire all of the outstanding Steelman shares. Dome now owns 36.7% or 3,105,065 of the outstanding Provo shares.

Unaudited year-end estimates of Provo's 1964 consolidated financial and operating statements indicate the following comparisons with 1963:

- Gross income increased 11% to \$6,500,000.
- Operating income increased 9% to \$4,150,000.
- Cash flow increased 6% to 2,700,000.
- Net income increased 14% to \$900,000.
- Oil production increased 12% to 474,078 net barrels.
- Gas production increased 6% to 18.9 billion cubic feet.
- Liquefied petroleum gas production increased 3% to 48,900,000 Imperial gallons.
- Proved oil reserves increased 19% to 8,332,000 net barrels.
- Provo's gas reserves declined 4% to 526 billion cubic feet. This was the result of trading partially developed gas reserves in northeastern British Columbia for producing oil reserves in Saskatchewan and Manitoba.

As a result of consolidation with Steelman and associated companies, Provo now owns 3 gas processing plants, underground salt storage facilities for liquid petroleum gases and a LPG marketing organization in northern Manitoba.

If Dome's interest in Provo (36.7% or 3,105,065 shares) were consolidated, Dome's cash flow would be increased by 37¢ per share and its net income by 12¢ per share.

Projections for 1965 indicate that Dome's income and operations will continue to expand.

Your directors are grateful for the continued initiative and loyalty displayed by the Company's employees.

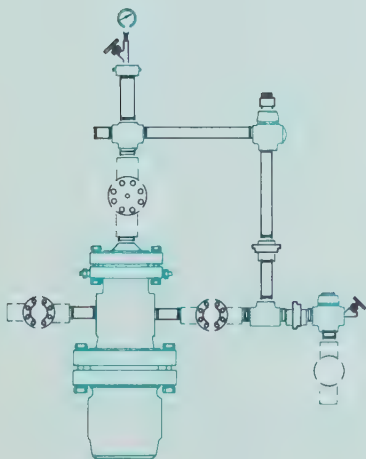
On behalf of the Board,

*Clifford W. Michel*  
Chairman

*R. M. M. M.*  
President

March 31, 1965.

# CONSOLIDATED FINANCIAL STATEMENTS



## CONSOLIDATED STATEMENT OF INCOME

YEARS ENDED DECEMBER 31, 1964 AND 1963

Income:

Crude oil sales less royalties  
Gas sales less royalties .....  
Other income

1964	1963
	(Note 1)
\$5,780,615	\$4,995,564
874,950	870,850
155,899	161,628
<u>\$6,811,464</u>	<u>\$6,028,042</u>

Deduct:

Operating expenses  
Well workover costs .....  
General and administrative expenses  
net of management fees

\$1,035,562	\$ 948,687
93,992	159,995
114,086	119,250
<u>\$1,243,640</u>	<u>\$1,227,932</u>

Operating income before depreciation,  
depletion and other charges

\$5,567,824	\$4,800,110
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Deduct:

Interest and exchange .....  
Acreage rentals on undeveloped properties  
Exploration expenses  
Dry hole costs  
Lease abandonments  
Depreciation and depletion

\$ 15,286	\$ 45,073
324,707	271,999
328,516	295,243
456,025	417,179
31,611	48,514
1,227,043	968,725
<u>\$2,383,188</u>	<u>\$2,046,733</u>

Net income before special item

\$3,184,636	\$2,753,377
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Gain on sales of properties

398.166	—
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Net income for the year and special item (Note 6)

<u>\$3,582,802</u>	<u>\$2,753,377</u>
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In 1964 remuneration of executive officers and legal  
advisors amounted to \$94,892 and \$4,193 respectively.

See accompanying notes.



DOME PETROLEUM LIMITED  
AND ITS WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED  
BALANCE  
SHEET

DECEMBER 31, 1964  
AND 1963

ASSETS

CURRENT:

	1964	1963
Cash .....	\$ 241,062	\$ 11,518
Accounts receivable—		
Trade .....	929,027	1,016,465
Affiliates .....	225,520	320,076
Inventory of casing and supplies at cost .....	147,210	101,851
Prepaid expenses .....	48,198	20,530
	<u>\$ 1,591,017</u>	<u>\$ 1,470,440</u>

INVESTMENTS - AT COST (Note 2):

Shares with quoted market values (aggregate market value, 1964 - \$7,243,609; 1963 - \$5,409,230) .....	\$ 3,044,971	\$ 2,647,597
Wholly owned subsidiary .....	135,028	135,028
Other shares and debentures .....	315,312	306,613
	<u>\$ 3,495,311</u>	<u>\$ 3,089,238</u>

PROPERTY AND EQUIPMENT - AT COST:

Interest in petroleum and natural gas rights and royalties—		
Producing (including well development expenditures) less accumulated depletion (1964 - \$4,053,231; 1963 - \$3,378,637) .....	\$15,202,632	\$11,204,549
Undeveloped .....	3,193,301	2,638,087
Production and other equipment less accumulated depreciation (1964 - \$1,594,130; 1963 - \$1,250,489) .....	5,307,817	4,418,711
	<u>\$23,703,750</u>	<u>\$18,261,347</u>

OTHER:

Long-term advance .....	\$ 68,572	\$ 78,970
Due from officer re purchase of shares .....	197,500	212,500
Drilling, reservation and other deposits .....	204,660	132,210
	<u>\$ 470,732</u>	<u>\$ 423,680</u>
	<u>\$29,260,810</u>	<u>\$23,244,705</u>

See accompanying notes.

## LIABILITIES

### CURRENT:

#### Accounts payable—

Trade	\$ 2,252,768	\$ 1,186,708
Affiliates	80,572	32,460
Wholly owned subsidiary .....	46,318	45,985
Bank loan repayments due within one year ....	194,595	—

1964	1963
\$ 2,252,768	\$ 1,186,708
80,572	32,460
46,318	45,985
194,595	—

<u>\$ 2,574,253</u>	<u>\$ 1,265,153</u>
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### LONG TERM DEBT (Note 3):

Bank loan (\$1,200,000 U.S.)	\$ 1,297,298	—
Less repayments due within one year	194,595	—

\$ 1,297,298	—
194,595	—

<u>\$ 1,102,703</u>	<u>—</u>
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### SHAREHOLDERS' EQUITY:

#### Capital (Note 4)—

Authorized—3,000,000 shares of a par value of \$2.50 each		
Issued—2,597,900 shares	\$ 6,494,750	\$ 6,484,000
Paid-in surplus (per statement)	4,132,829	4,122,079
Earned surplus (per statement)	14,956,275	11,373,473

\$ 6,494,750	\$ 6,484,000
4,132,829	4,122,079
14,956,275	11,373,473

<u>\$25,583,854</u>	<u>\$21,979,552</u>
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### COMMITMENTS (Note 5)

On behalf of the Board:

*Clifford W. Michel*  
Director

*John A. Gordon*  
Director

<u>\$29,260,810</u>	<u>\$23,244,705</u>
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## AUDITORS' REPORT

To the Shareholders of Dome Petroleum Limited.

We have examined the consolidated balance sheet of Dome Petroleum Limited and its wholly-owned subsidiaries as at December 31, 1964 and the consolidated statements of income, paid-in surplus and earned surplus for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of income, paid-in surplus and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Dome Petroleum Limited and its wholly-owned subsidiaries as at December 31, 1964 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with Section 118 of the Companies Act (Canada) we report that the net loss for the year of the unconsolidated subsidiary of \$15,825 has not been included in the accounts of the company nor has provision been made for the decrease in the parent company's equity in this subsidiary since acquisition amounting to \$91,609.

CLARKSON, GORDON & CO.  
Chartered Accountants

Calgary, Alberta  
March 8, 1965

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEARS ENDED DECEMBER 31, 1964 AND 1963

SOURCE OF FUNDS:	1964	1963
Net income (before special credits) ..	\$ 3,184,636	\$2,753,377
Add non-cash charges for depletion, depreciation, dry holes and surrendered leases .....	1,277,115	1,124,226
Cash generated from operations .....	\$ 4,461,751	\$3,877,603
Sales of producing properties .....	406,299	—
Proceeds from bank loans .....	1,102,703	—
Issue of capital stock .....	21,500	18,500
	<u>\$ 5,992,253</u>	<u>\$3,896,103</u>
APPLICATION OF FUNDS:		
Expenditures for property - net (in- cluding well development costs and equipment) .....	\$ 6,727,651	\$3,775,329
Investments, reservation deposits, etc., less amounts realized on deferred accounts receivable .....	453,125	145,769
	<u>\$ 7,180,776</u>	<u>\$3,921,098</u>
Decrease in Working Capital .....	<u><u>\$(1,188,523)</u></u>	<u><u>\$ (24,995)</u></u>

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

YEARS ENDED DECEMBER 31, 1964 AND 1963

	1964	1963
Balance at beginning of year .....	\$11,373,473	\$ 8,620,096
Net income for the year and special item	<u>3,582,802</u>	<u>2,753,377</u>
Balance at end of year .....	<u><u>\$14,956,275</u></u>	<u><u>\$11,373,473</u></u>

## CONSOLIDATED STATEMENT OF PAID-IN SURPLUS

YEARS ENDED DECEMBER 31, 1964 AND 1963

	1964	1963
Balance at beginning of year .....	\$4,122,079	\$4,112,829
Premium on sale of shares (Note 4) ....	<u>10,750</u>	<u>9,250</u>
Balance at end of year .....	<u><u>\$4,132,829</u></u>	<u><u>\$4,122,079</u></u>

See accompanying notes.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1964

## 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Dome Leaseholds Limited and Dome Petroleum Corp. (a U.S. corporation). The accounts of another wholly owned subsidiary, Dome Realty Limited, are not included in the consolidation because in the opinion of management its operations and assets, consisting of an office building in Calgary (see Note 5), are of a different nature from those of its parent.

The accounts of Dome Petroleum Corp. have been converted to Canadian dollars on the following basis: current assets and current liabilities at the rate of exchange in effect at the year end, fixed assets and long term debt at the rates in effect on the dates of acquisition and income and expenses at the average rates for the year. The net exchange differential, which is not material in amount, has been included in income.

## 2. INVESTMENTS

The Company's investment in shares of companies with quoted market values consists of the following:

	Number of Shares	Cost	Quoted Market values at Dec. 31/64
Provo Gas Producers Limited	3,105,065	\$2,997,946	\$6,862,194
Pembina Pipe Line Limited	22,900	28,625	246,175
Alberta Gas Trunk Line Company Limited	3,680	18,400	135,240
		<u>\$3,044,971</u>	<u>\$7,243,609</u>

Because of the number of shares involved, the market values shown above are not necessarily indicative of the amounts that could be realized if these investments were to be sold.

The Company's investment in other shares and debentures includes 3,147 common shares and 43,894 preferred shares of Producers Pipelines Ltd. at a cost of \$304,722.

## 3. BANK LOAN

The bank loan of \$1,200,000 U.S. (a portion of which was drawn down in January 1965) is secured by a first mortgage on producing properties in the United States and is repayable in quarterly instalments commencing March 31, 1965.

## 4. CAPITAL

During the year 4,300 shares were issued to officers and employees on exercise of options for \$21,500 cash. The par value of the shares issued, \$10,750, was credited to share capital account and the balance to paid-in surplus.

Under a stock option plan instituted on November 21, 1960, options are outstanding to employees to purchase 27,600 shares of the Company's capital stock at \$5 per share, exercisable on various dates to June 1, 1968.

## 5. COMMITMENTS

The Company has agreed to lease until 1985 an office building constructed by a wholly owned subsidiary at a rental sufficient to pay the cash operating expenditures of the subsidiary including interest on its 6½ % First Mortgage Bonds of which \$1,019,000 are presently outstanding, and annual principal instalments to retire the bonds by 1985. The Company is presently sub-letting a substantial part of the building.

## 6. INCOME TAXES

The companies' practice is to capitalize lease acquisition costs and drilling and development expenditures on producing wells and to deplete such costs on the unit of production method based on estimated reserves of oil and gas. Under Canadian income tax laws, such expenditures may be deducted from income in the year incurred or, if expenditures exceed the income for the year, the excess may be carried forward to subsequent years. No provision for income taxes has been required by the companies from inception to December 31, 1964 and at that date an excess of lease acquisition costs and drilling and development expenditures was available to be carried forward against future taxable income.

## TEN YEAR FINANCIAL REVIEW

	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955
Gross Income (after royalties)	\$6,811,464	\$6,028,042	\$5,028,492	\$3,724,742	\$2,911,712	\$2,731,704	\$2,822,195	\$2,526,983	\$1,888,709	\$1,575,482
General & Admin. Expenses	114,086	119,250	95,596	98,276	96,974	101,685	115,064	73,487	134,261	103,911
Operating Income (after all optg. & admin. expenses)	5,567,824	4,800,110	4,043,936	2,843,829	2,154,870	2,086,852	2,181,269	1,928,687	1,416,367	1,193,965
Operating Income per share	2.14	1.85	1.56	1.10	.84	.83	.87	.77	.71	.60
Interest	15,286	45,073	185,142	445,135	382,031	258,881	212,550	199,782	265,916	185,542
Land Rentals	324,707	271,999	257,432	210,894	253,207	220,463	212,500	267,813	190,699	175,615
Exploration Costs (including dry holes & lease aband.)	816,152	760,936	673,282	343,771	758,947	546,932	815,641	431,421	290,359	734,137
Cash Flow (after interest, rentals & expl. costs)	4,899,315	4,187,795	3,347,434	2,003,238	1,217,348	1,253,875	1,456,910	1,252,442	826,433	668,392
Cash Flow per share	1.89	1.61	1.29	.77	.47	.50	.58	.50	.41	.33
Depreciation & Depletion	1,227,043	968,725	869,853	733,608	633,832	847,915	828,609	820,384	535,289	609,376
Net Income (after all charges)	3,184,636	2,753,377	2,058,227	1,110,421	126,853	207,341	111,969	209,287	134,104	(510,705)
Net Income per share	1.23	1.06	.79	.43	.05	.08	.04	.08	.07	(.25)
Net Income per share (incl. non-recurring profit)	1.38	1.06	.79	.43	.05	.08	.04	.08	.07	(.25)
Shares Outstanding	2,597,900	2,593,600	2,589,900	2,586,800	2,571,400	2,521,400	2,519,000	2,503,000	2,000,000	2,000,000
Working Capital (Deficit)	(983,236)	205,287	230,282	(514,336)	(5,332,291)	(3,600,368)	(1,743,206)	784,868	(2,774,676)	(492,804)
Long Term Debt	1,102,703	—	—	7,503,000	2,665,000	2,915,000	3,165,000	3,415,000	3,665,000	3,915,000
Investments in Other Companies (at cost)	3,495,311	3,089,238	2,903,609	2,997,922	3,005,271	2,870,272	2,845,807	1,756,835	1,617,572	519,657
Development Costs	2,817,388	3,061,000	2,684,031	1,609,234	2,080,038	1,148,047	1,436,519	2,106,083	1,203,696	1,085,923
Land Acquisition Costs	3,859,188	649,417	1,267,384	521,639	208,619	1,342,995	550,720	510,172	531,012	211,594

# TEN YEAR OPERATING REVIEW

	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955
Oil Production (net bbls)	2,394,302	2,143,591	1,747,363	1,268,639	1,214,987	1,163,048	1,115,571	942,394	741,280	641,703
Average Daily Oil Production (net bbls)	6,541	5,873	4,787	3,476	3,320	3,186	3,056	2,583	2,025	1,758
Gas Production (million cubic feet)	9,874	9,555	10,090	7,570	1,970	550	—	—	—	—
Average Daily Gas Production (million cubic feet)	27.0	26.2	27.6	20.7	5.3	1.5	—	—	—	—
Est. Proved Oil & Condensate Reserves (net bbls)	42,437,000	41,315,000	38,746,000*	47,646,000	41,738,000	40,190,000	29,220,000	26,210,000	22,300,000	21,000,000
Est. Proved Gas Reserves (billion cubic feet)	267	207	206	188	145	173	47	21	12**	220
Wells Drilled - Total	70	66	48	25	51	31	58	53	44	62
Wells Drilled - Exploratory	22	8	12	6	17	11	16	17	18	25
Wells Drilled - Development	48	58	36	19	34	20	42	36	26	37
Footage Drilled	347,336	390,805	267,674	125,789	243,401	138,724	268,264	194,239	185,447	189,571
Net Oil Wells	202	178	149	150	148	137	118	93	74	52
Net Gas Wells	25	22	21	17	13	9	4	3	3	8
Acreage - Gross	6,000,672	6,016,376	5,844,746	3,938,254	3,655,235	4,831,521	3,195,001	2,988,777	2,930,880	2,769,231
Acreage - Net	2,969,363	2,971,808	2,829,144	2,469,540	2,819,040	4,055,570	2,197,788	1,909,098	2,038,972	1,959,727

\*Reduction results from sale of Redwater oil reserves for cash.

\*\*Reduction results from sale of Provost gas reserves for Provo shares.



# DOME INTERESTS IN WESTERN CANADA

AND NORTHERN U. S. A.

(ARCTIC ISLANDS NOT INCLUDED)

HEAD OFFICE	☆
DOME OIL PRODUCING AREA	●
DOME GAS PRODUCING AREA	●
DOME UNDEVELOPED LAND HOLDINGS	▲
DETAIL MAPS	
Willesden Green	1
Swan Hills	2
Pinto	3

## AFFILIATED COMPANY INTERESTS

PROVO OIL PRODUCING AREA	○
PROVO GAS PRODUCING AREA	○
PROVO GAS PROCESSING PLANT	🏭
PROPANE MARKETING OUTLET	🚚
PROPANE-BUTANE UNDERGROUND STORAGE CAVERN	◻

Note — Areas in which Dome and Provo  
have a joint interest are shown  
as Dome areas on this map.





